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THE FARM SECURITY ADMINISTRATION
A BRIEF REPORT OF TEN YEARS SERVICE

Since 1935 the Farm Security Administration and its predecessor, the Resettlement Administration, have helped more than a million small farmers. These farmers have been started on the road to improved income, better living, and a more secure place in agriculture.

The Farm Security Administration program combines financial help with individual on-the-farm guidance in farm and home management practices. Farm families who lack necessary equipment and operating capital and cannot get credit elsewhere on reasonable terms and conditions are eligible.

Borrowers are encouraged to build up their land and livestock, and to use both their labor and land resources to better advantage. Through the adjustments in their farming operations made possible by supervised credit they achieve a balanced farming program with year-round income and improved living standards.

FSA loans are of two general types:

1. Rural rehabilitation or operating loans.
2. Farm ownership loans, made under the provisions of the Bankhead-Jones Farm Tenant Act of 1937.

In the 17 Western States a major activity is the water facilities program which provides loans for developing water resources on farms and ranches.

County Committees

To help in adapting the program to local conditions a committee of three farmers serves in each agricultural county. Farm Security supervisors lean heavily on these committees for help in carrying on the FSA program. The committee members determine applicants' eligibility for loans, review borrowers' progress, and approve farms to be bought and the prices to be paid.

RURAL REHABILITATION

Operating credit has been furnished to about 893,000* families to enable them to obtain the livestock, equipment, or other essentials needed to run their farms efficiently and on a paying basis. These loans are made for periods of from 1 to 5 years, at 5 percent interest. During the 1946 fiscal year, loans were made to 33,555 families who had never received this assistance before, and to 82,095 families already on the program who needed additional credit.

*This number does not include loans made to more than 245,000 families from funds held in trust by the Government for the various State Rural Rehabilitation Corporations created during the depression period.

Guidance

Supervisors help the families plan their farm and home operations and put these plans into practice. The plans, which are written out in detail before the loan is made, usually call for the production of two or more farm commodities for market, food and feed needed at home, and cash income for the family's own necessities and repayments of debts. FSA supervisors provide individual on-the-farm guidance to help the families carry out the plans. The number of active borrowers receiving this kind of help at the close of the 1946 fiscal year was 207,491.

A number of supplemental programs have also been developed as aids in rehabilitation.

Medical Care

In 1945 more than 52,000 farm families were cooperating with local physicians in group health plans set up with FSA guidance. Most of these groups offer general practitioners' services, either alone or in combination with surgery, hospitalization, prescribed drugs, or dental treatment. Membership is voluntary. The families pay annual fees, in advance, and the pooled funds are used to pay the costs.

During recent years increased emphasis has been given to consolidating single-county health plans into multi-county and Statewide plans, and to helping borrowers make full use of all the health resources in their communities and develop a better understanding of good health practices.

Rural Housing

FSA has also helped to improve rural housing. Rehabilitation borrowers have been aided in screening their homes, building sanitary privies, safeguarding their water supplies, and removing safety hazards. In the farm ownership program, funds are included in the loans when necessary to enable families to build new houses or repair the existing dwellings on the farms they buy. Construction of this kind has been curtailed or postponed in recent years, however, because of the shortage of material.

In earlier years FSA made a sizable contribution to housing improvement through programs which are now discontinued or carried on by other agencies: the development of rural resettlement projects, which included the erection of farm houses, barns and community facilities; the development of camps for migratory farm workers; and the building of temporary and permanent homes for defense workers.

Group Services

Many FSA borrowers, and their neighbors as well, buy and use jointly such essentials as high-grade sires and heavy machinery which they cannot profitably own and use alone. FSA makes small loans to individual farmers who need financial assistance in order to participate in these group services. Nearly 14,000 of these small, informal groups were active in 1946. In an earlier program, discontinued in 1943 by action of Congress, FSA made loans to associations of small farmers to enable them to carry on cooperative production, processing and marketing activities.

Farm Debt Adjustment

For farmers over-burdened with debt, voluntary debt adjustments have been worked out with creditors by FSA supervisors and committeemen. More than 190,000 families have used this service and both creditors and debtors have been benefited through subsequent payment of the obligations.

A Better Hold on the Land

FSA helps borrowers achieve greater stability and security on the land and move up the "agricultural ladder." A survey of the families active in the rehabilitation program in 1945 showed that a great many had improved their land-tenure status. Forty percent of them were full or part owners, 60 percent cash or share renters. Previous to obtaining FSA help, only 30 percent of these families were full or part owners, 37 percent cash or share renters; the others were farther down the ladder in sharecropper or laborer status.

About 75 percent of the tenant farmers using FSA rehabilitation services have written leases, many of them for two or more years.

Borrowers' Progress

Families using FSA rehabilitation services had more than tripled their working capital by 1945. These families had average working capital of only \$722 the year before they first received FSA assistance. By the end of 1945 this average had risen to \$2,356.

Previously they operated farms averaging 111 acres in size, with 47 acres tillable. In 1945 they operated farms averaging 176 acres, and tilled 78 acres.

The average value of all chattels and real estate owned by the families before borrowing from FSA was only \$1,680, and their net worth—the difference between the amount owned and the amount owed—averaged \$1,011. By the end of 1945, the average borrower owned farm and household goods, real estate, and personal property valued at \$4,078 and had a net worth of \$2,745.

Their farms produced for home use in 1945 an average of 503 gallons of milk, 139 dozen eggs, and 538 pounds of dressed meat. Orchards and gardens provided fresh fruit and vegetables during the growing season and enough surplus to can, on the average, 296 quarts and to store 22 bushels.

Borrowers are adjusting their farming to get the best returns from their labor and land. In the South they are diversifying their cash crops and raising more livestock. Legume crops, such as kudzu, are being grown with marked success. Midwestern families are increasing milk production by improving their dairy herds and pastures, and are raising larger quantities of pork as a result of better breeding practices and the use of clean ground.

Rehabilitation borrowers have repaid 90 percent of the principal due on their loans, and about 434,350 have completely retired their loans and are now in a position to get credit from banks and other lending institutions. Altogether, \$688,690,714 of the \$1,005,392,816 advanced from the beginning of the program in 1935 has been paid back, and an additional \$95,347,194 has been collected in interest.** Ninety percent of matured principal has been paid.

The loans made from the 1946 authorization totaled \$82,463,908.

**Not including loans made from corporation trust funds.

FARM OWNERSHIP

Under the Bankhead-Jones Farm Tenant Act of 1937, the FSA has made long-term loans to 41,482 farm tenants, sharecroppers and farm laborers unable to get credit elsewhere to buy family-type farms. All services available to rural rehabilitation borrowers are also available to these families. The loans are made for 40-year periods, at 3 percent interest. The number of loans approved in the 1946 fiscal year was 3,657.

An important requirement for a loan is that the farm to be purchased will provide a good living for the family as well as pay for itself over the period of the loan. It must be large enough to earn the necessary income, but not so large that outside help will be needed except in peak periods. Supervisors advise the borrowers on efficient operating plans that will conserve the soil and result in maximum returns.

Loans approved during all years of the program totaled \$259,147,970, of which \$31,262,644 was loaned in the 1946 fiscal year.

Safeguards for Borrower

Before a loan is approved to purchase a farm, the property undergoes a careful appraisal to determine its earning capacity and the probability of its yielding sufficient income over a period of years to enable him to pay for it. With land values in many areas at high levels, applicants are experiencing some difficulty in finding farms that can be bought at prices in line with their long-range earning capacity.

Gains Made by Families

The typical family in this program has made great progress in improving land and buildings, adopting soil conservation practices, diversifying enterprises, and in retiring the loan.

Under a variable payment plan, borrowers are billed for higher than average amounts in good years, and smaller amounts in poor years. Thus during a period of higher income they can pay ahead of schedule, providing a margin of security for themselves in case of crop failures or low prices later on.

Although they had 40 years to complete payments, 5,129 farmers have already paid in full. Nearly three-fourths of them paid from income, while the others paid out with money received from the sale of their farms. In a number of cases they sold to the Government for military needs during the war.

The active borrowers have an excellent repayment record. As of March 31, 1946, the amount which would have been due from these families paying at a rate required to retire their debts in the allotted 40 years would have been \$31,232,719. The amount actually repaid exceeded this sum by \$18,307,014. Besides this substantial payment ahead of schedule, more than \$21,000,000 was paid from the sale of mineral rights or timber or refunds on unused portions of loans.

All types of repayments from active and paid-up borrowers amounted to \$98,229,327 as of June 30, 1946.

WATER FACILITIES

In the arid and semiarid sections of the 17 Western States, where lack of water is often a greater handicap than lack of good soil, the FSA makes loans to individual farmers and ranchers, and to farmers' groups, to enable them to install or repair such water facilities as ponds, wells, stock water tanks, diversion dams, conduits, windmills, spring developments, water spreaders, farm distribution systems, flood irrigation works, small irrigation facilities, and facilities for supplying farmstead water. Technicians advise the borrowers in planning the changes to be made and in building or repairing the facilities.

Individual loans have been made to 6,957 families, including 1,083 families who received their first loans in the 1946 fiscal year. Many other families have benefited through loans to 81 groups. Thirteen of the group loans were made in 1946.

These Western families have built or repaired more than 19,000 separate water services of many different kinds. On range land, stock watering facilities and supplemental irrigation water have been provided; on individual farms and ranches, families have been able to improve and expand their work after getting water for work stock and farmstead use nearer to their buildings. Underground water supplies have been developed in some areas previously dry-farmed.

A survey of 2,087 borrowers in this program who farmed the same land both in 1944 and in the crop year preceding installation of improved water facilities showed that they had increased their net worth an average of 58 percent, or from \$4,483 to \$7,082. Those families who used the loans for irrigation purposes increased their crop sales 79 percent--on 5 percent less acreage; their average yield of small grains increased 131 percent, their corn yield rose more than 50 percent, and their forage yields were 35 percent higher.

Water facilities borrowers have repaid 104 percent of the principal due on their loans. A total of \$6,003,009 has been obligated, including \$1,134,983 in 1946. Principal due on June 30, 1946 was \$2,558,676, and payments totaled \$2,670,131 plus an additional \$318,952 in interest.

ASSISTING RETURNING VETERANS

More than 35,000 veterans of the first World War have used the supervised credit services of Farm Security, and by June 30, 1946, more than 68,000 veterans of World War II had come to FSA for help in getting reestablished as farmers.

Operating credit has been made available to more than 17,700 of these War II veterans to enable them to buy feed, seed, livestock, equipment and other essentials for a new start. In addition, 2,101 have been financed in the purchase of farms; many more who are eligible for ownership loans have so far been unable to find farms they can buy at prices in line with the long-time earning capacity of the land. Practically all these veterans' loans were made in the 1946 fiscal year.

FLOOD RESTORATION PROGRAM

During the three years ended June 30, 1946, the FSA was in charge of the flood loan program set up with a special appropriation to assist farmers in counties damaged by floods. In 1944-45 this program also covered loans in counties damaged by windstorm. Of the \$2,803,775 loaned, \$1,281,886 in principal and \$106,314 in interest has been repaid.

LIQUIDATION OF RESETTLEMENT PROJECTS

The rural resettlement projects under FSA management are being liquidated as expeditiously as possible through sales of the land to private owners. Many of the farm units have been made available to low-income farmers already living on them, under the same sales terms as provided in the Bankhead-Jones Farm Tenant Act. Of the 9,520 units in the 152 resettlement projects, only 816 units remained unsold on June 30, 1946.

The liquidation program also includes disposal of the Government's interest in the defense relocation corporations set up during the national defense period to assist farmers displaced by the building of military camps and defense plants in rural areas, and the land-purchasing associations established to help low-income farmers attain a greater degree of security on the land. Nearly half of the total acreage in these properties has been sold.

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